

Message Text

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PAGE 01 ROME 16332 061558Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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O 061501Z OCT 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 7644
INFO AMEMBASSY CAIRO IMMEDIATE

S E C R E T ROME 16332

EXDIS

DEPARTMENT FOR UNDER SECRETARY HABIB, NEA DEPUTY ASST.
SECRETARY VELIOTES AND EUR DEP ASST SECRETARY BARBOUR ONLY;
CAIRO FOR AMBASSADOR

E.O. 11652: XGDS-1
TAGS: PFOR, US, IT, EG
SUBJECT: MIG MAINTENANCE

1. SINCE ARRIVAL ROME, OCTOBER 3, GE/LOCKHEED/DOD TEAM
HAS COMPLETED PRELIMINARY DISCUSSIONS BETWEEN GE AND ALFA-ROMEO ON
ENGINE OVERHAUL AND BETWEEN LOCKHEED AIR SERVICES (LAS)
AND AERMACCHI ON AIR FRAM OVERHAUL. BOTH ITALIAN CON-
TRACTORS WERE VERY INTERESTED IN A MAJOR AND CONTINUING
OVERHAUL PROGRAM AND THE FOLLOW-ON SPARE PARTS SUPPORT.
THEY UNDERSTAND THE NEED TO IMPLEMENT THE PROGRAM ASAP
AND AGREE TO TRAVEL TO EGYPT ON OCTOBER 8 FOR BRIEFINGS
ON CURRENT OVERHAUL REQUIREMENTS.

2. ITALIAN/US TEAM REQUESTS THAT EGYPTIAN AIR FORCE
BE ADVISED OF TEAM'S ARRIVAL AND NEED FOR REQUIREMENTS
BRIEFING AND DISCUSSION ON OCTOBER 9, IF POSSIBLE.
ITALIAN CONTRACTORS NEED TO DETERMINE OVERHAUL
SCHEDULES, AVAILABILITY OF DATA AND DEPOT SUPPORT
EQUIPMENT. AFTER THIS INITIAL FACT-FINDING VISIT,

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ITALIAN CONTRACTORS WILL RETURN HOME TO PREPARE
FIRM PROPOSALS.

3. TEAM MEMBERS ARE: GE - GERARDI, BREACHER AND
MCBRIDE; ALFA-ROMEO - PETRAROLI, DE LUCA AND
AFALIGATO; LAS - NEUDORFFER AND EATION; AERMACCHI -
MONDINI AND BUSSETTI; DOD/DSAA - COL. O'MALLEY.

HOTEL RESERVATIONS ARE REQUIRED FOR OCTOBER 8-11 FOR THIRTEEN PERSONS. ARRIVAL TIME IN CAIRO WILL BE PROVIDED WHEN CONFIRMED.

4. SUBSEQUENT MESSAGE MAY FORWARD NAMES OF AERITALIA REPRESENTATIVES IN THE TEAM WHEN CURRENT DISAGREEMENT BETWEEN VADER (LOCKHEED) AND FORESIO (AERMACCHI) ON THE ONE HAND, AND BONIFACIO (AERITALIA VICE PRESIDENT AND LIAISON WITH PRIME MINISTER'S OFFICE) IS RESOLVED. TO EMBASSY SURPRESE, WHILE GE WAS MAKING ITS CONTACTS WITH ALFA-ROMEO THIS WEEK, LOCKHEED REPS WERE ONLY TALKING WITH AERMACCHI (LOCKHEED OWNS 20 PER CENT OF AERMACCHI). LOCKHEED'S FAILURE TO CONTACT AERITALIA WAS, OF COURSE, CONTRARY TO OUR UNDERSTANDING. WHEN BONIFACIO HEARD--PROBABLY THROUGH ALFA-ROMEO--THAT TEAM WAS ALREADY DISCUSSING PLANS TO TRAVEL TO CAIRO, HE MADE KNOWN THAT HE WISHED TO SEE LOCKHEED REPS IMMEDIATELY. VADER SAW BONIFACIO EVENING, OCTOBER 5, AND WAS UNDER IMPRESSION BONIFACIO HAD ACCEPTED LOCKHEED-AERMACCHI EXCLUSIVE RELATIONSHIP. SUBSEQUENTLY, HOWEVER, BONIFACIO'S REPRESENTATIVE HAS BEEN FOLLOWING UP WITH BOTH FORESIO (AERMACCHI VICE PRES) AND VADER TO JOIN THE TEAM WHEN IT TRAVELS TO CAIRO.

5. VADER CALLED DCM, NOON, OCTOBER 6, AND DESCRIBED HIS PREDICAMENT. HE SAID NEITHER LOCKHEED
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NOR AERMACCHI WANTED TO INCLUDE AERITALIA IN THE DEAL. IN THE PRESENCE OF COL. O'MALLEY, DCM REMINDED VADER THAT ORIGINAL TELEGRAM FROM WASHINGTON HAD INSTRUCTED HIM TO MENTION AERITALIA AND AERMACCHI TO PRIME MINISTER AS POTENTIAL ITALIAN CONTRACTORS. SUBSEQUENTLY, PRIME MINISTER'S OFFICE HAD WORKED THROUGH AERITALIA'S VICE PRESIDENT BONIFACIO AS ITS POINT OF LIAISON WITH ITALIAN COMPANIES. ON ADVICE OF PRIME MINISTER'S DIPLOMATIC ADVISER, DCM HAD RECEIVED NAMES OF AERMACCHI AND ALFA-ROMEO CONTACTS FROM BONIFACIO. DCM TOLD VADER HE WOULD NOT PRESUME TO COMMENT ON COMMERCIAL FEASIBILITY OF VARIOUS COMBINATIONS. HOWEVER, IN VIEW OF ORIGINAL CONCEPT, ACCORDING TO WHICH CONTRACTUAL RELATIONSHIP WAS TO BE BETWEEN ITALIAN COMPANIES AND EGYPTIAN GOVERNMENT, WITH LOCKHEED AND GE "WORKING IN TECHNICAL ASSISTANCE CAPACITY", DCM WAS COMPELLED TO SUGGEST TO VADER THAT A US REPRESENTATIVE NOT ALLOW HIMSELF TO BE PUT IN THE POSITION OF EXCLUDING A POTENTIAL ITALIAN CONTRACTOR. RATHER, DCM ADVISED VADER TO LEAVE IT TO AERMACCHI AND AERITALIA TO SORT OUT THEIR DIFFERENCES BETWEEN THEM. DCM ADDED THAT IT WOULD BE PRUDENT TO CONSIDER

SERIOUSLY ACCEDING TO AERITALIA REQUEST TO HAVE ONE OF ITS REPRESENTATIVES ACCOMPANY TEAM TO CAIRO. VADER WAS RELUCTANT TO DO THIS, POINTING OUT THAT LOCKHEED'S ROLE WAS MORE THAN SIMPLY PROVIDING TECHNICAL ASSISTANCE AND THAT FROM A BUSINESS STAND-POINT HAVING AERITALIA INVOLVED WOULD BE MESSY. DCM REPEATED HIS ADVICE, REMINDING VADER OF BONIFACIO'S POSITION AS THE GOI'S POINT OF CONTACT ON THIS ENTIRE PROJECT. WE UNDERSTAND THAT AS OF MID-DAY OCTOBER 6, VADER IS DISCUSSING WITH FORESIO WHAT TO DO NEXT.

6. PLEASE PASS FOREGOING TO DOD/DSAA, GENERAL FISH.GARDNER

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